

**GORDON
ARATA
McCOLLAM
DUPLANTIS
&
EAGAN LLP**
ATTORNEYS AT LAW

B. J. Duplantis
bduplantis@gordonarata.com

P.O. Box 81829 (Zip 70598-1829)
400 East Kaliste Saloom Road, Suite 4200
Lafayette, Louisiana 70508-8517
(337) 237-0132 • Fax (337) 237-3451
www.gordonarata.com

August 26, 2005

Ref: 3124-23667

Honorable James H. Welsh
Commissioner of Conservation
Post Office Box 94275
Baton Rouge, LA 70804-4275

Re: Hearing Application
MA-7 Zone, Reservoir D
BAYOU CARLIN FIELD
St. Mary Parish, Louisiana
Applicant: Palace Operating Company

Dear Mr. Commissioner:

In accordance with the Rules of Procedure for Conducting Hearings Before the Commissioner of Conservation of the State of Louisiana, application is hereby made on behalf of **Palace Operating Company** for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of an order pertaining to the following matters relating to the MA-7 Zone, Reservoir D, in the Bayou Carlin Field, St. Mary Parish, Louisiana.

1. To create a single drilling and production unit of approximately 750 acres for the MA-7 Zone, Reservoir D, designated as the MA-7 RD SUA, Bayou Carlin Field, St. Mary Parish, Louisiana, all as shown more particularly on the attached plat;
2. To establish rules and regulations governing the exploration for and production of gas and condensate from the said units;
3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the units so created, with each tract sharing in unit production on a surface acreage basis of participation;
4. To consider such other matters relating to the subject reservoir as may be appropriate and justified by the evidence presented at the public hearing.

The MA-7 Zone, Reservoir D in the Bayou Carlin Field, St. Mary Parish, Louisiana is hereby defined as being that gas and condensate bearing Zone encountered between the measured depths of 16,700 feet and 17,710 feet (electrical log measurements) in the Southport Exploration, Inc.-Jules M. Burguières Estate No. 1 Well, located in Section 30, Township 15 South, Range 9 East, St. Mary Parish, Louisiana.

GAMD-laf:31790-1

201 St. Charles Avenue, 40th Floor • New Orleans, Louisiana 70170-4000 • (504) 582-1111 • Fax (504) 582-1121
One American Place • 301 Main Street, Suite 1600 • Baton Rouge, Louisiana 70825 • (225) 381-9643 • Fax (225) 336-9763
2200 West Loop South, Suite 1050 • Houston, Texas 77027 • (713) 333-5500 • Fax (713) 333-5501

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In accordance with the Rules of Procedure for Conducting Hearings Before the Commissioner of Conservation of the State of Louisiana, the Commissioner of Conservation, the District Manager of the Lafayette District of the Office of Conservation and all interested owners, represented parties and interested parties known to the applicant after a reasonable search were notified in writing in the pre-application notice dated August 15, 2005 that a conference to discuss the proposed application was tentatively scheduled for 10:00 a.m. on Thursday, September 8, 2005. It was stated at that time that this conference would be held only if a request to confer were received by the undersigned within ten (10) calendar days after the date of the pre-application notice. No requests for a conference were received either in writing or by telephone and, in accordance with the Rules of Procedure, the tentatively scheduled conference **WILL NOT BE HELD**.

Attached hereto and made a part hereof is a plat outlining the MA-7 RD SUA, Bayou Carlin Field, St. Mary Parish, Louisiana, and a list of the names and addresses of the interested owners, represented parties and interested parties to whom this notice is being sent. It is hereby certified that a reasonable effort was made to ascertain the names and addresses of all interested owners, represented parties and interested parties.

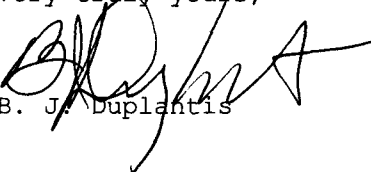
A copy of the list of the names and addresses of the interested owners, represented parties and interested parties is not being mailed to those parties along with this application notice. Should any such party desire a copy of this list, however, we will be glad to provide one upon request.

Upon receipt of the legal notice in the captioned matter, the notice will be posted, published and mailed in accordance with Rule 7 of the Rules of Procedure.

Any pertinent data relating to the proposed units can be obtained, AT THE COST OF THE REQUESTING PARTY, from Mr. Bill Dale, of W. H. Robbins & Associates, 302 La Rue France, Suite 100, Lafayette, LA 70002 (337) 232-5004.

Finally, there is enclosed herewith our check on behalf of the applicant in the amount of \$755.00, made payable to the Office of Conservation, representing the required hearing application fee.

Very truly yours,


B. J. Duplantis

BJD/ht
Attachments

cc: Mr. Richard D. Hudson, District Manager
Office of Conservation

All Interested Owners, Represented Parties and
Interested Parties

